

Finance and Administration Cabinet STANDARD PROCEDURE	Page 1 of 2
ISSUED BY: Department of Revenue – Tax Administration	
EFFECTIVE DATE:	
PROCEDURE: 6.11.4 (formerly KRC 11.6)	
SUBJECT: Auditor Collections on Field Audits	
Distribution Code(s):	Contact: Office of Field Operations (502) 564-2113 Station #9

I. INTRODUCTION

The Department of Revenue's Revenue Field Auditor's and Revenue Field Compliance Officers are empowered to collect in whole or in part all field audits. In order to expedite the collection process and allow the taxpayer to stop the accrual of interest on any portion of the assessment collected, the Department of Revenue will afford the taxpayer the opportunity to pay any assessment or portion thereof resulting from a field audit.

II. PROCEDURE

The following procedures will be used when collecting payment from the taxpayer on field audits:

1. The employee will advise the taxpayer that it is permissible to pay any liability stemming from a field audit prior to formal billing. The employee will also advise the taxpayer that the findings are still subject to review and adjustment.
2. The employee may collect any amount the taxpayer agrees to at the audit site or the taxpayer may mail the payment to the Taxpayer Service Center where the audit originated.
3. The employee is required to complete Department of Revenue Form 31A004, "Auditor Records of Money Receipt Issued", upon collection of the audit amount.
 - a. Revenue Form 31A004 should only be issued to a taxpayer as a receipt for the amount of money collected on an audit.
 - b. The purpose of Revenue Form 31A004 is to provide the taxpayer with a receipt for payment collected and to provide processing information to the Division of Operations regarding the payment.
 - c. A signed copy of Form 31A004 is provided to the taxpayer while the original is made part of the audit file and forwarded to the Division of Field Operations, Central Office.
 - d. The submitted Revenue Form 31A004 must be verified by either the Audit Supervisor or Revenue District Manager before the forms leave the Taxpayer Service Center from which the audit originated.
4. The amount collected should be based on the known audit liability and any payment received should not be held by the Taxpayer Service Center, but immediately forwarded

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to the Division of Field Operations, Central Office in Frankfort with a properly executed Revenue Form 31A004.

5. When a payment on an audit is collected and remitted to Frankfort without the audit folder, a copy of the Report of Audit is attached to the payment Revenue Form 31A004.
6. The Division of Field Operations, Central Office, forwards the taxpayer's payment, Revenue Form 31A004, and a copy of the Report of Audit to the Division of Operations, Miscellaneous Processing Section. A copy of the payment, Form 31A004, and the Report of Audit are forwarded to the Division of Protest Resolution for billing and adjustment .
7. Once the Division of Operations has completed processing, the information is forwarded to the Division of Protest Resolution to allow for proper credit on the billing.
8. A copy of both Revenue Form 31A004 and the payment is kept in a Central Office file for two (2) months, to allow enough time for processing and billing, after which time these copies are shredded.

III. FORMS

7. Forms - 6.11.3 - Report of Audit
7. Forms - Revenue Form 31A004

NO STANDARD PROCEDURE MAY BE REVISED BY ADDENDUM, MEMORANDUM OR ANY OTHER MEANS OTHER THAN THOSE SET OUT IN STANDARD PROCEDURE #1.1 ENTITLED "CREATION, REVISION AND RESCISSION OF FINANCE AND ADMINISTRATION CABINET POLICIES AND PROCEDURES"

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